

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

COMMISSIONER OF INSURANCE
FOR THE STATE OF MICHIGAN,

Petitioner,

v

File No. 98-88265-CR

MICHIGAN HEALTH MAINTENANCE
ORGANIZATION PLANS, INC., a
Michigan health maintenance organization,
doing business as OmniCare Health Plan

Hon. James R. Giddings

A.G. No. 1998053333A

Respondent.

ORDER FOR LIQUIDATING RECEIVERSHIP
AND DECLARATION OF INSOLVENCY

At a session of said Court
held in the Circuit Courtrooms
for the County of Ingham

State of Michigan, on the
28 day of Dec, 2004

PRESENT: HONORABLE JAMES R. GIDDINGS
CIRCUIT JUDGE

The Court has considered the "Petition for Liquidating Receivership and Declaration of Insolvency of OmniCare Health Plan" filed by the Commissioner of the Office of Financial and Insurance Services and the Court is fully informed of the circumstances, in part as a consequence of the on-going rehabilitation proceedings. The Court finds that OmniCare Health Plan (whose name was changed to Michigan Health Maintenance Organization Plans, Inc., effective October 1, 2004) fails to meet the financial requirements of the Insurance Code; that as of October 1, 2004 it will have no substantial source of revenue because it will no longer have a Medicaid contract with the State of Michigan; and that the company no longer has a license as an HMO in

Michigan because its license was sold effective October 1, 2004. The Court finds that further attempts to rehabilitate the company would substantially increase the risk of loss to creditors, subscribers and their covered dependents, and the public and that such further attempts would be futile. The Court further finds that the company is insolvent. Accordingly, the Court hereby declares and orders that:

Linda A. Watters, Commissioner of the Office of Financial and Insurance Services of the State of Michigan (OFIS) is appointed Liquidator of Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) and James Gerber is appointed Special Deputy Liquidator for the purpose of liquidating the company as provided in Chapter 81 of the Michigan Insurance Code, MCL 500.8101 *et seq.*

IT IS FURTHER ORDERED that the Commissioner of OFIS is directed to take immediate possession of the company's assets and to administer them under this Court's general supervision. The Commissioner is vested by operation of law with the title to all of the property including bank accounts, contracts, and rights of action, and all of the books and records of Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan), wherever located as of the date of this order of liquidation. The filing or recording of the order with the clerk of the circuit court and the register of deeds of the county in which its principal office or place of business is located or, in the case of real estate, with the register of deeds of the county where the property is located, shall impart the same notice as a deed, bill of sale, or other evidence of title duly filed or recorded which the register of deeds would have imparted as provided by MCL 500.8118(1).

IT IS FURTHER ORDERED that the Liquidator shall account to this Court no less than annually.

IT IS FURTHER ORDERED that all enrollee and subscriber contracts of Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) are terminated effective October 1, 2004. This does not affect the validity of the enrollee and

subscriber contracts with Coventry Health of Michigan entered into in connection with this Court's May 10, 2004 order.

IT IS FURTHER ORDERED that the powers of the Liquidator shall include all the powers set forth in Chapter 81 of the Michigan Insurance Code as amended, MCL 500.8101 *et seq*, and such additional powers as this court shall grant from time to time upon petition of the Liquidator.

IT IS FURTHER ORDERED pursuant to MCL 500.8106 that all officers, managers, directors, trustees, owners, employees, or agents of Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan), and all other persons with authority over or in charge of any segment of the affairs of the company, shall cooperate fully with the Commissioner. "Person" shall include a person who exercises control directly or indirectly over activities of the insurer through a holding company or other affiliate. Cooperation requires, among other things:

(a) Prompt replies to any inquiry by the Commissioner including a written reply when requested.

(b) Providing the Commissioner with immediate, full and complete possession, control, access to and use of all books, accounts, documents, and other records, information or property of or pertaining to Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) in the possession, custody, or control of any person or entity.

(c) Providing the Commissioner with full and complete access and control of all assets, documents, data, computer systems, security systems, buildings, leaseholds, and property of or pertaining to Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan).

(d) Providing the Commissioner with full and complete access to all legal opinions, memorandum, letters, documents, information, correspondences, or legal advice, attorney/client provided materials and attorney work product materials to or from Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) or any of its officers,

directors, employers or agents related to Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) or in connection to the operation of its business.

As provided by MCL 500.8106(4), any person who fails to cooperate with the Commissioner, or a person who obstructs or interferes with the Commissioner in the conduct of a delinquency proceeding or who violates an order of the Commissioner issued validly under chapter 81 of the Insurance Code may (A) be sentenced to pay a fine not exceeding \$10,000.00, or imprisonment for a term of not more than one year, or both and (B) after a hearing, be subject to the imposition by the commissioner of a civil penalty not to exceed \$10,000, or the revocation or suspension of any insurance licenses issued by the Commissioner, or both.

IT IS FURTHER ORDERED that United American Health Care Corporation is enjoined and restrained from the transfer of books, records, and property of Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) wheresoever located, or from taking any action that might lessen the value of the company's assets or prejudice the right of its policyholders, creditors, or the administration of this liquidation, as provided in MCL 500.8105(1)(b)(d) and (k).

IT IS FURTHER ORDERED that United American Health Care Corporation is enjoined and restrained from the interference in any with the Liquidator or this liquidation proceeding, as provided in MCL 500.8105(1)(c).

IT IS FURTHER ORDERED pursuant to section 8157, MCL 500.8157, that during the pendency of this Liquidation, an action or proceeding in the nature of an attachment, garnishment, or levy of execution shall not be commenced or maintained in this state against the Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) in liquidation or against its assets. Further, effective immediately all persons are ENJOINED from filing an action or proceeding in the nature of an attachment, garnishment, or levy of execution in this state against the assets of Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan).

IT IS FURTHER ORDERED pursuant to section 8124(1) of the Insurance Code, MCL 500.8124(1), that an action at law or equity shall not be brought against Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) or the Liquidator or Deputy Liquidator, whether in this state or elsewhere, and any such existing action shall not be maintained or further presented after issuance of this order. Further, effectively immediately all persons are ENJOINED from filing an action at law or equity against Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) or the Liquidator or Deputy Liquidator, whether in this state or elsewhere, and are immediately ENJOINED from maintaining or further presenting any existing action.

IT IS FURTHER ORDERED pursuant to section 8136(4), MCL 500.8136(4), that a judgment or order against Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) or a person covered by the company, entered after September 30, 2004 and a judgment or order against Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) or a person covered by the company, entered at any time by default or by collusion need not be considered as evidence of liability or of quantum of damages.

IT IS FURTHER ORDERED THAT pursuant to MCL 500.8102(1)(g) and (k) and MCL 500.3529(3), all non-contracted and contracted medical care providers are enjoined from obtaining any judgments and/or balance billing of the subscribers of Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) for medical services rendered prior to the date of this liquidation order.

IT IS FURTHER ORDERED pursuant to section 8118(4), MCL 500.8118(4), that Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) is insolvent.

IT IS FURTHER ORDERED that all claims against the assets of Michigan Health Maintenance Organization Plans, Inc. (formerly known as OmniCare Health Plan) must be made by filing claims in the receivership created hereby. The deadline for filing of claims shall be five

(5) months from the date of this order unless otherwise ordered by the Court. Notwithstanding the six-month claims filing period, for any claim to be approved, it must be filed not later than any applicable claims filing deadline imposed by contract between the person making the claim and the company. The claims filing deadline does not extend any applicable contractual deadline for filing claims.

JAMES R. GIDDINGS

Honorable James R. Giddings
Circuit Judge